

COMMERCIAL, INDUSTRIAL AND GOVERNMENTAL ENERGY EFFICIENCY PROGRAM CIG EE-2

PURPOSE

The purpose of this program is to promote the installation of energy efficient measures by non-residential customers by providing incentives through (1) a set of pre-defined prescriptive measures, (2) custom measures specifically designed to meet Customer's individual need, (3) technical assistance to identify energy efficiency opportunities, and (4) custom whole-building measures and design incentives for a new facility, or major renovation.

AVAILABILITY

This Program is available to non-residential customers receiving metered service in conjunction with any of Company's general service schedules. Technical assistance and design incentives under the Program are only available to Customers either (1) consuming 500,000 kWh or more in the previous 12 months or (2) for new construction with 20,000 square feet or more of conditioned space. Custom whole-building measures and design incentives are only available to new construction, and major renovation applications which are defined as the design and construction of a new facility, or a major renovation of an existing facility where the interior is completely demolished down to the studs, including the removal of the space conditioning and lighting systems, and the space is completely redeveloped.

INCENTIVE PAYMENTS

In most cases, Customer must complete and submit a pre-notification application before installing equipment or a measure for which an incentive is requested. The Policies and Procedures manual available at the program website (<http://progress-energy.com/carolinasBusiness>) describes the specific incentives when the pre-notification application is not required. Upon approval of the pre-notification application and within ninety (90) days of completion of installation, Customer must submit an Application for Incentive Payment, supporting documentation, and verification that the energy efficient measures meriting an incentive payment meets Program requirements. Company may inspect Customer's premise before, during and after measure implementation to verify installation.

Incentive payments will be one-time payments and shall be determined as follows and may only be considered in one of the following categories:

1. Prescriptive Measures – Customer shall receive an incentive payment for the installation of certain high efficiency equipment and measures, including lighting; heating, ventilating and air conditioning equipment; refrigeration measures and equipment; and premium-efficiency motors. A list of eligible equipment and measures and specific incentive amounts are available at the program website: <http://progress-energy.com/carolinasBusiness>
2. Custom Measures – Customer shall receive an incentive payment for the implementation of energy efficiency measures and equipment not included in the Prescriptive Measures category upon the provision of studies or other analyses to quantify expected energy reductions. The incentive payment shall be \$0.08 times the estimated first year kWh reduction following implementation of the energy efficiency measure, based upon Company confirmation of the study results.

3. Technical Assistance – Customer shall receive an incentive payment of 50% of Customer’s cost for a feasibility study, energy assessment, or retro-commissioning service. In no case shall the incentive payment under this category exceed \$10,000 for customers with annual consumption from 500,000 to 2,000,000 kWh or \$20,000 for customers with annual consumption in excess of 2,000,000 kWh.
4. Custom Whole-Building Measures – For new buildings, or major renovations achieving an energy reduction of 10% to 20%, Customer shall receive an incentive payment of \$0.09 times the estimated first year kWh reduction following installation. For energy reductions in excess of 20%, Customer shall receive an incentive payment of \$0.14 times the estimated first year kWh reduction following installation. Estimated energy savings shall be supported by Customer studies and analyses using PEC approved methodologies and techniques and is subject to Company’s confirmation of the study results. Customer utilizing Custom Whole-Building Measure cannot receive Prescriptive or Custom measure incentives for the same project.
5. Design Incentives – For new buildings and major renovations of at least 20,000 square feet, Customer shall receive an incentive payment of (a) \$0.05 times the estimated first year kWh reduction following installation, not to exceed \$50,000 **or** (b) the cost of a building energy modeling service, not to exceed \$20,000. Estimated energy savings shall be supported by Customer studies and analyses using PEC approved methodologies and techniques and is subject to Company’s confirmation of the study results.

In no case shall Customer’s cumulative project incentive payment at one facility in a calendar year exceed 75% of Customer’s total project cost and shall furthermore be limited as follows:

1. Incentives payments of \$100,000 or less shall be paid at 100% of the earned amount;
2. Incentives payments between \$100,001 and \$500,000 shall be paid at 50% of the earned amount;
3. Incentives payments between \$500,001 and \$1 million shall be paid at 25% of the earned amount; and
4. Incentives payments in excess of \$1 million will be paid at 10% of the earned amount.

RESPONSIBILITY OF PARTIES

Upon the occurrence of any of the following events, Company may request Customer to refund within thirty (30) days of such request incentive payments received:

1. Customer does not install and operate incentivized equipment or other measures, or
2. Customer removes incentivized equipment or other measures before the earlier of five (5) years from the date of equipment or measure installation or the end of the equipment or measure life; or
3. If upon any sale, lease or other disposition by Customer of the premise where the incentivized equipment or measure is located or installed, Customer does not secure an agreement transferring all related rights, obligations and liabilities (including payment obligations of the DSM/EE rate) and including Program participation to the buyer of the premise upon which the incentivized equipment or measure is located or installed.

In the event Company requests a refund, Company’s refund will be a prorated amount of incentive payments originally provided by Company to Customer based on the period of time that the related equipment or measure was installed and operated. If the equipment or measure was never installed, the full amount of originally provided incentive payments shall be refunded to Company by Customer.

The customer is responsible for any and all income tax payments that may result from receipt of an incentive payment.

GENERAL

Service rendered under this Schedule is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

DSM/EE OPT-OUT ELIGIBILITY

Customer participating in this program loses the right to be exempt from the DSM/EE rate for ten (10) years following receipt of an incentive.

Effective for service rendered on and after June 3, 2009
SCPSC Docket No. 2009-190-E, Order No. 2009-373